

Message Text

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ACTION SS-25

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC IMMEDIATE 4499

C O N F I D E N T I A L CAIRO 5796

EXDIS

E.O. 11652: GDS

TAGS: EAID USEGJC

SUBJECT: COORDINATED PRESENTATION OF EGYPT'S
FINANCIAL ASSISTANCE REQUIREMENTS

REF: STATE 133630

1. AMBASSADOR WITH DCM AND AID REP MET TODAY WITH
MINFINANCE ABU ISMAIL TO PRESENT TEXT OF LETTER
PROPOSED PARAGRAPH 6 OF REFTEL. AFTER STRESSING
ESSENTIALITY USG AND GOE APPROACHING PROSPECTIVE
DONORS WITH CONSISTENT STATEMENTS RE NATURE
OF EGYPT'S BOP PROBLEM AND REALISTIC REQUIREMENTS

FOR ADDITIONAL AID, AMBASSADOR INDICATED WE HAVE BEEN
THINKING OF A COORDINATED STATEMENT AND GAVE ABU
ISMAIL DRAFT CITED PARA 6 REFTEL. AMBASSADOR
MENTIONED UNDERSEC'S UPCOMING TRIP TO EUROPE TO
DISCUSS, AMONG OTHER THINGS, AID FOR EGYPT AND THAT
IT WOULD BE HELPFUL HAVE SUCH A STATEMENT FOR THE
UNDERSEC'S USE AND FOR DIRECT GOE TALKS WITH PROSPECTIVE
DONORS. WHILE A WRITTEN STATEMENT BEST, WE NEED AT
VERY MINIMUM A FIRM UNDERSTANDING ON POSITION OUR TWO
GOVERNMENTS WILL COMMUNICATE TO PROSPECTIVE DONORS.

2. AFTER READING PROPOSED LETTER, MINFIN STATED THAT
OUR FIGURES ON MAGNITUDE OF EGYPT'S FINANCIAL PROBLEM
DIFFER FROM THOSE REACHED BY GOE. AMBASSADOR IN-
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DICATED THAT FIGURES IN STATEMENT HAD BEEN DEVELOPED

WITH MINISTER'S STAFF AND ASSOCIATES DURING UNDER SECRETARY ROBINSON'S VISITS AND THAT REPORTED USE OF DIFFERENT FIGURES BY EGYPTIAN OFFICIALS WAS ONE REASON FOR PROPOSING STATEMENT THAT WOULD PROVIDE BASIS FOR CONSISTENT APPROACH BY ALL CONCERNED. ABU ISMAIL AGREED IN PRINCIPLE THAT STATEMENT ALONG LINES OF OURS MIGHT BE USEFUL, BUT INSISTED THAT FIGURES MUST BE REVISED, CITING AS EXAMPLE NEED TO REFINANCE OUTSTANDING SHORT TERM CREDITS ON BETTER TERMS IN ORDER ESCAPE CURRENT TWENTY PERCENT INTEREST CHARGES. IF GOE IS TO ISSUE STATEMENT, ABU ISMAIL POINTED OUT, IT SHOULD CONTAIN FIGURES REFLECTING EGYPT'S PERCEPTION OF THE PROBLEM. HE WONDERED IF ANY FIGURES NEED BE INCLUDED AT ALL, BUT ACCEPTED ARGUMENT THEY ARE NECESSARY. HE RECALLED HE HAD MENTIONED FIGURES DURING UNDERSECRETARY'S PREVIOUS VISITS AND EXPRESSED REGRET US TEAM HAD NOT ACCEPTED THEM AND HAD INSTEAD COME UP WITH ITS OWN. THESE, AS HE HAD TRIED TO POINT OUT, ARE NOT CONSISTENT WITH GOE'S PERCEPTION OF THE NATURE AND MAGNITUDE OF THE PROBLEM.

3. AMBASSADOR SUGGESTED MINFIN REVIEW STATEMENT AND MODIFY AS NECESSARY, EXPRESSING HOPE THAT THIS COULD BE DONE QUICKLY SO THAT UNDERSECRETARY ROBINSON COULD HAVE FINAL VERSION PRIOR TO HIS VISIT TO SAUDI ARABIA. ISMAIL PROMISED TO PROCEED AS RAPIDLY AS POSSIBLE, BUT CLAIMED THAT HE WOULD NOT HAVE TIME TO FOCUS ON STATEMENT UNTIL TOMORROW (JUNE 12) AFTERNOON. HE MIGHT BE ABLE LET ME HAVE AMENDED STATEMENT FRIDAY OR SATURDAY.

4. WHILE ISMAIL SEEMED TO UNDERSTAND NEED FOR, AND URGENCY OF, A CONCERTED POSITION, WE FEEL CERTAIN THAT HE WILL WANT TO CONSULT WITH HIS STAFF, PRIME MINISTER AND MINISTERIAL COLLEAGUES BEFORE AGREEING TO ISSUANCE OF OFFICIAL STATEMENT SETTING FORTH EGYPT'S PROBLEMS AND REQUIREMENTS.

5. DISCUSSION THEN MOVED TO THE CLARIFICATION OF
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FISCAL AND CALENDAR YEAR FUNDING FIGURES AS SET FORTH PARA 1 REFTEL. SINCE OUR BREAKDOWN WAS OBVIOUSLY CONFUSING TO ABU ISMAIL, AMBASSADOR GAVE HIM AIDE MEMOIRE DETAILING FACTS. WE THEN SPENT SOME TIME GIVING ABU ISMAIL GRAPHIC PRESENTATION OF RELATIONSHIP BETWEEN FISCAL AND CALENDAR YEAR FUNDING AS WELL AS MAKE-UP OF \$250 MILLION PROPOSED AS ADDITIONAL BALANCE OF PAYMENTS SUPPORT FOR BALANCE OF CY 1975.

WE ALSO REMIND ABU ISMAIL THAT ALL FY 76 AID FIGURES
ARE HIGHLY CONFIDENTIAL UNTIL CONGRESSIONAL CONSULTA-
TIONS HAD BEEN COMPLETED, FINAL FY 1976 FIGURE AGREED
UPON, AND ACTUAL PRESENTATION MADE TO CONGRESS. ABU
ISMAIL PROMISED TO REMIND HIS COLLEAGUES THAT ALL
FY 76 FIGURES MUST BE KEPT STRICTLY CONFIDENTIAL.
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